

Newspaper: Providence Journal

Date: November 13, 2008

Page: A 1

Ideas, but no action on deficit

But House Speaker William J. Murphy says there's a good chance the House will be back in session before the end of the year.

**BY KATHERINE GREGG
and CYNTHIA NEEDHAM**
JOURNAL STATE HOUSE BUREAU

The nation's economic meltdown is wreaking havoc with state budgets across the map.

At least 31 states are facing midyear shortfalls totaling \$24.3 billion, and some are taking radical steps.

Utah's governor ordered a four-day workweek for 17,000 state employees. California laid off 10,000 part-time and temporary state workers and now Gov. Arnold Schwarzenegger wants the remaining workers to take one day off each month without pay. He is also proposing to raise sales taxes on everything from cars to Disneyland tickets.

Massachusetts Governor Patrick ordered nearly \$1 billion in cuts to state agencies that he was authorized

SEE **DEFICIT, A10**

Deficit

Continued from Page A1

to make without legislative approval.

But Rhode Island leaders have reacted with little urgency since news of this state's \$372-million current-year deficit came to light earlier this week after months of sobering warnings.

The bleak news set the stage for another round of potentially painful budget cuts, just five months after the governor and lawmakers adopted policies that slashed the work force and cut thousands of people from health insurance programs for the poor.

Governor Carcieri is in Florida, attending a Republican Governors Association conference, and lawmakers say they haven't yet decided whether to return for a special legislative session, though House Speaker William J. Murphy, interviewed at his own fundraiser last night, said: "There's a very good possibility the House will be back in session before the start of the new year."

Of Carcieri's absence from the

state at this time, spokeswoman Amy Kempe said the governor committed to the conference some time ago and felt it was important to meet with other governors whose states might be experiencing similar budget problems.

Kempe said the governor would brief legislative leaders next week on what his administration advisers have been considering. The likely topics she mentioned included every one in the annual budget debate: "local aid, a review of state contacts and state assets, pensions, revenue policies ... program reductions."

"The governor's office is going through a very detailed and thorough analysis of every possible option on both the revenue and spending side of the equation," she said. "To prematurely announce specifics might make good headlines but would be irresponsible."

There is certainly no dearth of ideas about what Rhode Island should do next, however.

General Treasurer Frank T. Caprio said it's imperative for legislators to reconvene as quickly as possible.

"What we need are the decision makers to have all hands on deck and show that this is an issue that will be resolved," Caprio said. "Every day that goes by where we spend [\$1 million] more than we take in causes even deeper cuts if

they are made later in the year.

"It's no different than what any household in Rhode Island would do. If a household is experiencing economic difficulties, you cannot ignore them and hope that they are going to resolve themselves. You have to make decisions about what you are willing to cut and what changes you are willing to make so you can live within your own budget."

For starters, Caprio says, the state should assign each state department a revised budget. If they overspend, the administrators are to be held responsible, as would happen in the private sector. The state also should consider small changes, such as doing away with some of the state's roughly 1,400 cars and trucks. Eliminating 1,000 could save as much as \$3.5 million, between purchasing, fuel and maintenance costs, he estimated.

House Minority Leader Robert Watson, R-East Greenwich, is also adamant about the need to reconvene the part-time legislature before January. As a start, he proposes a 10 percent across-the-board cut in spending.

"If ever there was a time for a call to action, it's now," echoed Rep. John Loughlin, R-Tiverton, the new House Republican whip. "Raising taxes would be exactly the wrong thing to do at this time," he said. Instead, the state could end the "redundancy" in course offerings and deans and department heads at the two state colleges and the university. He also suggested allowing "corporate America" to run the motor-vehicle registry system without the "tremendously high overhead" of

state employees.

Rep. Thomas C. Slater, a member of the House Finance Committee, said he hopes an Obama administration in Washington will soften the blow a bit, sending more federal money Rhode Island's way to help the state's neediest residents.

Either way, he said, the state should look to cut costs by reining in its independent state agencies such as the Rhode Island Public Transit Authority and the Rhode Island Airport Corporation.

Slater, a Providence Democrat, also joined the growing chorus that's calling for consolidation of school districts. "We are such a small state, we have to learn to consolidate," he said, adding that he will submit legislation to do so as soon as the session begins.

AFL-CIO secretary-treasurer George Nee, the face of organized labor at the State House, worries that lawmakers rushing back to a special session might feel compelled to do something "stupid," such as scrapping the state's "defined-benefit" pension plan for state workers in favor of a 401(k)-type plan that could, at least in the short-term, be more expensive.

Nee suggests that lawmakers instead take steps to create jobs: allow full-scale casino gambling; accelerate road and college construction projects for which there are approved, but unissued, bonds; create a "marine trade development authority" to "look not just at an expansion" of the port at Quonset point, but "at all of the possibilities."

And, "revisit having a casino," he said yesterday. "Let's be real. Let's stop the pretense that we don't have one. Let's do it full scale ... and keep those people from Rhode Island from going [to] Connecticut." On the revenue and spending front, Nee said, Carcieri could make a serious dent by firing the 580-plus "contract employees" who have been hired to do the work of state employees across state government, while lawmakers could "suspend" a phased-in income tax cut for the state's wealthiest taxpayers. Of the promised tax cut, he said: "Everybody has to share in the pain."

With reports from staff writer Paul Davis